



**WisDOT/Wisconsin Manufacturers and Commerce Transportation Committee Meeting
Thursday, September 23, 2004, 9:00am-12:30pm**

People in attendance

Casey Newman, WisDOT BOP
Dennis Leong, WisDOT, BOP
Dave Leucinger, WisDOT, BOP
R.J. Pirlot, Wisconsin Manufacturers & Commerce (WMC)
John Duncan Varda, DeWitt Ross & Stevens/WMC
Mike Zickert, HNI Risk Services
Joe Malett, HNI Risk Services
Ellen Eldredge Tate, Fresh Brands Distributing
Fred Coebler, Carnes Company
John Wilkinson, Wisconsin Paper Group
John Lanier, S.C. Johnson Wax
Betty Nowak, Port of Milwaukee
Kurt Schmitz, RoadReady Transfer
Alexandra Gould, Stora Enso North America

1. Overview of WisDOT's meeting purpose and WisDOT's long-range plan, *Connections 2030*, by WisDOT staff: The meeting began at 9:00 with internal WMC business. Following a break and an introduction by R.J. Pirlot, Casey Newman gave an overview of WisDOT's long-range plan *Connections 2030*. WisDOT is seeking input on transportation planning issues from statewide stakeholder groups. *Connections 2030* is scheduled to be completed in 2006.
2. Gathering of input from the WI Manufacturers and Commerce: Discussion focused on the following issues:
 - a. Performance Measures
Members expressed interest in how WisDOT would develop and measure needs and achievements in emphasized policy areas.
 - b. Port/Harbor Facilities
The Port of Milwaukee representative expressed several areas of concern. These include:
 - 1) Dredging – there is an ongoing need to keep navigational channels open.
 - 2) Homeland Security – there are concerns for cargo handling requirements.

- 3) Rail Access – inter-related to (c), the Port is concerned with extending rail access to Canadian National (CN). Currently, the Port is only served by Canadian Pacific (CP).
- 4) Intermodal Facilities – also inter-related to (c), the Port is interested in expanding Intermodal capability. Current drop-off service for imports from Vancouver has been steady. As other rail companies (including UP) move their “Chicago” terminals farther away from the actual City of Chicago, Milwaukee wants to market itself as an alternative for shippers. Truck drayage would use I-94 between Chicago and Milwaukee. Technology would be an important component of overall operations.

In addition, the Port would like to develop into a major multimodal transfer center between rail, truck, and vessel. The concept is to concentrate the facilities at one existing location to improve efficiency for shippers and transportation companies.

- 5) Port Capacity for Vessels: The Port is currently served by only one vessel operator, Lakes Shipping. Most of its cargo originates in the Far East (Korea, Japan, Hong Kong), with 16-day shipping to Vancouver (or Seattle-Tacoma) and 6-day delivery from Vancouver/SeaTac to Milwaukee. Vancouver is the preferred port due to absence of a harbor maintenance tax (a very important consideration for high-value cargo) and the ability to use the rail connection to Milwaukee, especially for heavier loads. This route also removes the need to pass through Chicago. According to comments, this operator is at capacity. For water-borne cargo, the shipping company must expand its capacity or another shipper needs to be recruited.

There may be potential for the latter option, as the Port has been approached by a company seeking to take containerized cargo from ocean-going vessels at Montreal and transfer them to smaller barges for shipping throughout the Great Lakes. Current operations involve transfer from vessel to train at Montreal for a 2 ½-day schedule to Milwaukee. The volume has remained stable for the past decade; products consist of bulk materials and general cargos such as steel and electrical transformers.

c. Rail/Rail Intermodal Freight

Much of the discussion centered on retaining and increasing rail freight service throughout the state. Some of the specific discussion points included:

- 1) A “Milwaukee Terminal Railroad” – most Milwaukee rail shippers are held captive to one company for service. Creation of a neutral operating entity to provide local switching service between shippers and rail yards for the major carriers will generate competition between rail companies, which could improve service and/or lower shipping costs.
- 2) Recognize the transcontinental perspective of CN and CP, but encourage them to adopt a more service-oriented business model. These companies cannot continue to shrink their markets to boost profits; they need to add capacity to build their customer base. Investments in rail facilities should be encouraged, especially where they can create leverage to promote additional investments.

- 3) Use better data (available through the Upper Midwest Freight Corridor Study) to identify the best investments for the public sector.

d. Integrity of Transportation Fund

A committee member raised the group's concern with the shift of dollars from the Transportation Fund to the General Fund. A key interest of WMC is to maintain the Transportation Fund's integrity. With integrity assured, WMC membership could be supportive of expanding the current narrow base of transportation funding. Such expansions may include assignment of sales taxes from sales of vehicles or vehicle parts to the Transportation Fund. WMC also expressed a desire to be included in any discussions that would study long-term alternatives to fuel taxes.

e. Intergovernmental/Interstate Cooperation

An important viewpoint articulated by committee members is that freight movement does not stop at political boundaries, nor can one state be prosperous unless the rest of the region is also prosperous. Therefore, governments should seek to establish broader coalitions to identify regional/multi-state issues and solutions. One committee member reported on his activity with a multi-state freight study group, the Upper Midwest Freight Corridor Study. This group is transitioning from the study phase to the action phase, as the Central Corridors Freight Committee.

Several important considerations were raised in support of a regional approach. These include:

- 30% of the nation's freight originates in the Midwest Region.
- "Bridge" traffic (from freight moving through the region) is a burden.
- Improvements to freight movement almost always yield benefits for passenger travel, while the reverse is not always so.

The Study group has proposed that the corridor receive designation as a "Corridor of National Significance," allowing it to qualify for additional sources of federal funding. WMC also urges WisDOT to take into account the perspective of logistics providers towards freight mobility. WMC is supportive of private sector collaborations through the US Chamber of Commerce and through cooperation amongst state-level chambers.

f. State Role on Federal Policies

The WMC Transportation Committee expressed a desire for WisDOT to take a more aggressive role in advocating for federal funding of transportation projects. The potential state role would include advocacy for the "Corridor of National Significance" designation, as well as coordinating with and promoting the regional coalition of states involved in the Freight Corridors Study. Given the position of Representative Tom Petri on the Transportation and Infrastructure Committee, it is important for WisDOT to encourage his support for a "bigger picture" regional freight funding arrangement. The current transportation reauthorization bill – or the next one (in 2010-2011) will be influential in addressing freight issues.

The state should also encourage "flexibility" with federal regulations, such as the Hours of Service Rules. Performance-based regulations should be piloted and examined for their effects. States will need to accurately and vigorously report accidents and factors involved in collisions.